

CHAPTER 5 DEPARTMENT FISCAL POLICY

[Prior to 5/20/87, see Aging, Commission on the [20], rule 4.9 and Ch 9]

321—5.1(231) Grants to area agencies on aging.

5.1(1) General rule. The department makes annual allotments to each AAA to support part of the costs of administration and services under the multiyear area plan.

5.1(2) Types of allotments. Each AAA receives separate allotments for:

- a. AOA Title IIIB supportive services;
- b. AOA Title IIIC-1 congregate nutrition services;
- c. AOA Title IIIC-2 home-delivered nutrition services;
- d. AOA DOL Title V senior employment services;
- e. AOA Title IIIF preventive health services;
- f. AOA Title IIID frail elderly services;
- g. Other federal and state allotments received by the department.

5.1(3) Limitation on use. Except as provided in rule 5.6(231), the AAA shall use each allotment for the purpose for which it was made.

5.1(4) Time frame for use of funds. AAA allotments are budgeted in the multiyear area plan to be expended for the fiscal year July 1 through June 30 annually. In addition, budgets will include funds identified in subrule 5.8(1) in accordance with requirements identified in 321—Chapter 5.

a. Funds displayed in the multiyear area plan budget summary shall be expended during the identified fiscal year with the exception that 25 percent of the total cash budget may be carried over for use in the subsequent fiscal year.

b. The total cash budget shall include AOA Title III funds, USDA cash, Title V employment funds, state funds, program income, local public funds and other cash used as match.

c. AOA Title III carryover funds shall be included in the resource allocation summary after prior fiscal year final expenditures have been submitted and application for carryover made to the department.

d. Program income forecast to be received for the fiscal year identified in the multiyear area plan shall be included in the resource allocation summary of the multiyear area plan.

e. Title V funds shall not be carried over.

f. The forecast of program income for the year identified in the multiyear area plan must be at least 85 percent of the program income earned in the most recently completed fiscal year.

g. If AAAs have carryover balances exceeding 25 percent of the prior year's cash budget, as identified in 5.1(4) "b," consultation with AOA regional office will occur. As a result of the consultation, AAAs may receive a variance to the policy after review by the commission.

h. Rescinded IAB 12/25/91, effective 1/29/92.

i. State funds shall not be carried over unless specifically authorized by state law.

j. The amount of carryover will initially be determined on the basis of the year-end final cumulative cost-sharing report for the budget year, which is due not later than 45 calendar days after the end of the budget year, and is subject to confirmation by the annual audit.

k. AAAs are authorized to expend federal and state funds in amounts that do not exceed the funding released by the most current notice of grant award.

l. AAAs shall expend not less than the amounts determined by the commission of the total Title IIIB allotment, less administration, for services in the priority service categories of access, in-home, and legal assistance as defined by the department.

m. Unexpended Title III funds which were allotted by the department for administration (10 percent) and included in the allotment tables issued annually by the department, and available for administration or services, which are carried over shall only be used for program expenditures in the subsequent fiscal year.

5.1(5) Expenditures in rural areas. The department shall allot to rural areas at least 105 percent of the amounts these areas spent under Titles III and V of the Act during the fiscal year 1978.

321—5.2(231) Intrastate funding formula.

5.2(1) *Title III administration allotments to area agencies.* From AOA Title III funds available to the department for allotment to AAAs in each fiscal year for supportive and nutrition services, the department shall award funds to AAAs subject to the provisions of this subrule based on the best available population data.

a. Each AAA shall receive one-fourth of 1 percent of the Title III funds available for allotment, or \$24,000, whichever is greater, to be used for AAA administration or for services.

b. Each AAA shall receive four-hundredths of 1 percent of the Title III funds available or \$4,000, whichever is greater, for each county in their planning and service area, to be used for AAA administration or services.

c. Each AAA shall receive a proportion of the Title III funds available for allotment to be used for administration or services remaining after the application of paragraphs “a” and “b” of this subrule equal to the proportion of the AAA’s weighted population to the total weighted population of the state. The weighted population shall be the sum of the number of persons residing in the planning and service area of the state with the following characteristics multiplied by the following weights:

<u>Factor</u>	<u>Weight</u>
Persons aged 60 and older	1
Minority persons aged 60 and older	1
Persons aged 60 and older living at or below the poverty level of income	2

d. If the sum of the amounts generated under paragraphs “a” and “b” of this subrule for all AAAs exceeds 10 percent of the amount available to the department for allotment to AAAs, the department shall reduce the amount allotted under this subrule to each AAA under paragraph “c” by an amount sufficient to result in the sum for all AAAs generated by paragraphs “a” and “b” being equal to or less than 10 percent.

5.2(2) *Program allotments-calculations.*

a. *Title III.* The department shall calculate all allotments except IIIF to AAAs based on the proportion of the AAA’s weighted population to the weighted population of the state using the characteristics in subrule 5.2(1), paragraph “c.” Title IIIF allotments shall be calculated and based equally on the proportion of the AAA’s population of medically underserved and the proportion of the AAA’s population below the poverty line to the population of the state in each category.

b. *Title V.* The department shall calculate Title V allotments to AAAs based on the existing distribution and the need for additional service in underserved areas.

c. *USDA.* AAAs will receive a portion of the USDA allotment to the state as determined by multiplying the number of USDA eligible meals served by the current per meal reimbursement rate less the greater of the commodity entitlement or value of food orders received if participating in commodities.

d. *Elderly services.* All state elderly services funds appropriated to the department, excluding those specifically identified in the appropriation, shall be allocated to AAAs on the basis of persons 60 and older in the planning and service area, minority persons 60 and older in the planning and service area, and double-weighted for persons 60 and older at or below the poverty level of income in the planning and service area.

e. *Other.* The department shall calculate other allotments as defined in each respective program.

5.2(3) *Population data.* The department shall use the best available population data to calculate allotments under this subrule. Population projections issued by the department of economic development shall be used for each fiscal year beginning during a year for which projections are available. These projections shall be used until data from the U.S. Bureau of the Census are available. This data shall be used to calculate AAA allotments for the next fiscal year starting after the data are available.

321—5.3(231) Unobligated funds.

5.3(1) Unobligated funds are any amount of funds from the federal allotment to the state which has not been awarded to area agencies or allocated for other legitimate purposes.

5.3(2) It is the intent of the department to provide AAAs with timely access to all federal allotments in excess of what is needed to meet current and future obligations consistent with an orderly process of area plan revision and amendment.

5.3(3) To implement the intent, the following procedures will be followed:

a. On December 1, the department will issue the annual planning estimate which will reflect any federal awards received by that date to estimate projected funding levels and allocations to AAAs for the next two state fiscal years;

b. On December 1, the department will issue revised allotments for the current state fiscal year which announces:

(1) Current year federal funds in excess of the funding needed to support 25 percent of the planned awards to AAAs for the next state fiscal year; and

(2) The allocation of the funds identified in the revised allotments among the AAAs.

c. Plan revisions and amendments to area plans shall be submitted to the department according to procedures prescribed by the department for current year funds identified in the revised allotments. Funds for which an AAA fails to apply will be allocated to project funds consistent with the goals and objectives of the department. Appropriate action will be taken by the department and the commission on the amendments and revisions as necessary.

d. On or before July 1, the department will issue the annual planning estimate revision which will reflect any federal or state awards received by that date to estimate any changes to the funding levels and allocations to AAAs for the state fiscal year beginning on July 1.

e. Rescinded IAB 11/22/95, effective 12/27/95.

321—5.4(231) Long-term care ombudsman program. The department shall reserve at least 1 percent or \$35,000, whichever is greater, from the AOA supportive services allotment to administer the long-term care resident's advocate/ombudsman program as set forth in 321—Chapter 8. The AAA may use supportive service funds in support of the long-term care resident's advocate/ombudsman program for its specific planning and service area.

321—5.5(231) Elderly services allocation. All state elderly services funds allocated to the department shall be allocated to AAAs as outlined in subrule 5.2(2), paragraph “d.”

321—5.6(231) Transfer between supportive and nutrition service funds under the state plan.

5.6(1) Transfers up to 30 percent. Rescinded IAB 12/25/91, effective 1/29/92.

5.6(2) Transfers between AOA Title IIIB and Title IIIC. An AAA may apply to the department to transfer from one federal Title III allotment, excluding carryover, up to 20 percent of the AAA's separate allotments for Title IIIB, and Title IIIC, nutrition services and up to 30 percent of the AAA's separate allotments for Title IIIC(1) and Title IIIC(2). The area agency shall:

a. Specify the percent and the amount which the AAA proposes to transfer from one allotment to the other;

b. Specify the length of time for the proposed transfer;

c. Specify the purpose and rationale of the transfer;

d. In the case of transfers between IIIC(1) and IIIC(2) and between IIIB and IIIC, document the effect of the transfer on the provision of services, including the effects on the number of meals served under IIIC(1) and IIIC(2);

e. In the case of transfers between IIIB and IIIC, the supportive services or services provided through senior centers, document the effect for which the transfers were used; and

f. Document the effect of the transfers on the provision of services under IIIB and IIIC, including the effect on the number of meals served.

g. Request and receive approval prior to August 31 for a transfer affecting funding to be released during the first quarter of the fiscal year.

5.6(3) The commission approves the AAA's request by approving the multiyear area plan or plan amendment.

321—5.7(231) Allowable use of federal and state funds for multiyear area plan administration.

5.7(1) *Federal funds for administration.*

a. The AAA shall not use more than the amount received under rule 321—5.2(231) and at least the amount of local match prescribed in subrule 5.9(5) for AAA administration costs.

b. The AAA, acting as department employment subproject sponsors but not as host agencies, shall use not more than 4 percent of the sum of the SCSEP funds allotted for program administration.

5.7(2) *State funds for administration.* Sums appropriated each state fiscal year for AAA administration shall be distributed in equal amounts for each planning and service area as match for federal administrative funds distributed under subrule 5.2(1), paragraphs “a” and “b.” These funds shall be used as match for federal funds used for AAA administration.

5.7(3) *Employment program awards.* Adjustments in the amount of employment funds are subject to the availability and utilization of funds.

5.7(4) *USDA allotments.* AAAs will receive a portion of the USDA allotment to the state based on the proportion an area's eligible meals bear to the total of USDA eligible meals for all area agencies.

321—5.8(231) Reallotment.

5.8(1) *Federal funds for reallotment.* The amount of federal Title III funds which are not expended or obligated for goods and services or both to be provided by the last day of the previous federal budget year shall be available to the department for reallotment.

5.8(2) *Unused state and federal funds.* If the department determines prior to the end of the fiscal year that an AAA will have unused funds, the department may reallocate the unused funds to one or more AAAs in accordance with demonstrated utilization. The area agencies receiving these reallocated funds shall obligate them by the end of the fiscal year in which they are reallocated.

321—5.9(231) Matching funds.

5.9(1) *Financial participation.*

a. *State plan administration.* The department shall use its federal allotment for state plan administration to pay not more than 75 percent of the costs of administering the state plan.

b. *Area plan administration.* An AAA may use its federal allotment to pay not more than 75 percent of the cost of administering area plans.

c. *Area plan services.* An AAA may use its federal allotments for supportive, nutrition, and frail elderly services and its state elderly services allotment to pay not more than 85 percent of the costs of these activities.

d. *Care review committee coordinator services.* An AAA may use its state allotment to pay not more than 80 percent of the costs of this activity.

5.9(2) *AOA nonfederal match requirements.* The nonfederal share may be either by allowable costs or the value of third-party in-kind contributions.

5.9(3) *Elderly services matching requirements.* Elderly services requirements may be either by allowable costs or the value of third-party in-kind contributions from local sources. AAA expenditures applicable to elderly services funds shall be those nonfederal expenditures, except state funds not administered by the department, incurred in elderly services-funded service categories.

5.9(4) *Care review committee coordinator program match requirements.* Care review committee coordinator match requirements may be met either by Title IIIB, Title VII, federal funds not administered by the department, local public funds, other local cash, Title IIIB program income, program income other, allowable costs, or the value of third-party in-kind contributions from local sources.

5.9(5) *Source of nonfederal share.*

a. Cash and in-kind match. At least 25 percent of the required minimum nonfederal share of area plan administration and area plan service in each fiscal year shall be in the form of allowable costs of the state or local public agencies, or in the form of third-party in-kind contributions from local public agencies.

b. State match. One-third of the nonfederal share required for federally funded services shall be in the form of state-appropriated funds.

5.9(6) Match deficiency. If a match deficiency is identified regarding the nonfederal share, provisions will be made to rectify the deficiency in the following fiscal year or reduce the amount of funding to a level commensurate with the nonfederal share.

321—5.10(231) Source of nonfederal share. Rescinded IAB 12/25/91, effective 1/29/92.

321—5.11(231) Restriction on delegation of authority to other agencies. The department and area agencies on aging may not delegate to another agency the authority to award or administer funds under this part, except as provided in 321—subrule 4.6(1), paragraph “b,” subparagraph (1).

321—5.12(231) State reviews and audits.

5.12(1) Audits. Grants from the department to AAA grantees shall be audited annually by the state auditor or by a certified public accountant or certified public accounting firm approved by the department.

a. The audit costs are negotiated and paid for by the grantee from these grants.

b. The department shall provide the grantee with audit guidelines to be followed by the auditor.

c. Prior to being accepted by the department, audits conducted by approved certified public accountants or certified public accounting firms shall be evaluated and found to be acceptable by the state auditor.

5.12(2) Reports. Each AAA shall submit copies of the audit report as directed in the audit guidelines issued by the department.

321—5.13(231) Records and reports. The grantee is required to submit all performance and fiscal reports following procedures and requirements established by the department and published in the department’s service and fiscal reporting manual. Reports not received by the due date shall be considered delinquent. Recipients of funds from the department shall retain fiscal and programmatic records for three years after the filing of expenditure reports.

321—5.14(231) Procurement standards.

5.14(1) Authority. The department and the AAAs may enter into contracts and arrangements for goods, equipment, and services with other agencies, public and private nonprofit organizations, and other entities as necessary to carry out their responsibilities under state laws and federal law (the Older Americans Act of 1965, as amended, and related Acts and regulations).

5.14(2) Standards. All contracting and similar arrangements for goods, equipment and services shall be in compliance with the standards contained in federal regulations, 45 CFR Part 74, June 9, 1981, Administration of Grants, unless a higher standard is elsewhere expressed by Iowa law. Where other factors are equal, preference will be given to Iowa contractors of goods and services over out-of-state contractors, in compliance with state law.

5.14(3) Utilization of small businesses and minority contractors. Positive efforts shall be made to utilize small business and minority-owned business sources of supplies and services.

a. Lists of minority contractors shall be obtained and kept on file. The lists shall be reviewed quarterly and updated as needed.

b. Minority contractors will be contacted individually concerning contracts for which they may be able to provide services.

c. Records will be maintained showing names and numbers of minority contractors contacted in regard to each contract.

d. This rule shall not be construed to require, however, that the award of contracts will favor small business or minority contractors when this would result in higher cost to the department or the AAA.

5.14(4) *Free competition.* All procurement transactions, whether negotiated or advertised, shall be conducted in a manner to provide maximum open and free competition. Special attention shall be given to eliminate organizational conflicts of interest or other noncompetitive practices which may restrict or eliminate competition.

5.14(5) *Procurement description.* Invitations for bids or requests for proposals shall be based upon a clear and accurate description of the technical requirements for the material, product, or service to be procured.

a. The description shall not, in competitive procurements, contain features which unduly restrict competition.

b. "Brand name or equal" descriptions may be used to define the performance or other salient requirements of a procurement. When so used, the specific features of the name brand which shall be met by the offerors should be clearly specified.

5.14(6) *Appropriateness of procurement instruments—prohibited costing method.* The type of procuring instrument used (i.e., fixed-price contract, cost reimbursement contract, purchase order, incentive contract, etc.) shall be appropriate for the particular procurement and for promoting the best interest of the program involved. The "cost-plus-a-percentage-of-cost" method of contracting shall not be used.

5.14(7) *Bids.* Except as provided in the following paragraphs, the department or AAA shall undertake formal solicitation for bids, with clear and accurate purchase description, sealed bids and public openings, for all procurement in excess of \$10,000.

a. *Exceptions.* Procurements may be made through noncompetitive negotiation if it is impracticable and infeasible to use formal bid solicitation. Generally, procurements may be negotiated if:

(1) The item is available only from a single source;

(2) Public exigency or emergency when the urgency for the requirement will not permit a delay incident to competitive solicitation;

(3) The federal grantor agency authorizes noncompetitive negotiations; or

(4) After solicitation of a number of sources, competition is determined inadequate.

b. *Selection of bidder.* When solicited bids are obtained, the award shall be made to the bidder whose bid is responsive to the solicitation and is most advantageous to the recipient, price and other factors considered. Any and all bids may be rejected and new bids requested if the bids received are judged not acceptable.

c. *Methods of advertising.* The invitations for bids shall be advertised by two publications in a newspaper published in the county in which the work is to be done.

(1) The first publication shall not be less than 15 days prior to the date set for receiving bids.

(2) Additional methods of advertising may be used as deemed necessary, including the requirement for individually contacting minority contractors as specified in subrule 5.14(3), paragraph "b."

(3) The invitations for bids shall clearly set forth all requirements which the bidder shall fulfill in order for the bid to be evaluated.

5.14(8) *Responsible bidders.* Whether obtained through formal advertising or negotiation, contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources, or accessibility to other necessary resources.

5.14(9) *Restriction on procurement transactions for multipurpose agencies designated as AAAs.* When a multipurpose agency has been designated as the grantee for the AAA, and it is the single organizational unit serving the designated planning and service area, no grant or contract shall be made between the AAA office and some other division of the multipurpose agency without the express approval of the department.

5.14(10) Records—contract administration. The department and AAAs shall maintain records on all procurements.

a. Procurement records for purchases of more than \$10,000 shall provide at least the following pertinent information: record of publication and other advertising including minority contractors contacted, justification for the use of negotiation in lieu of advertising, contractor selection and basis of selection, and the basis for the cost of the price negotiated.

b. All parties contracting with the department and AAAs shall maintain records and make reports as required by the terms of the contract to provide for efficient monitoring and contract administration.

c. A system for contract administration shall be maintained by the department and AAAs to ensure contractor compliance with terms, conditions and specifications of the contract or order, and to ensure adequate and timely follow-up of all purchases.

d. All records and reports shall be open to public inspection, with the exceptions permitted by state law.

5.14(11) Additional requirements under Title V. In the acquisition of property under Title V, senior employment, the AAA shall ensure that:

a. All contracting and similar arrangements for goods, equipment and services shall be in compliance with the standards contained in federal regulations, 29 CFR Part 97, March 11, 1988, unless a higher standard is elsewhere expressed by Iowa law.

b. All capital equipment purchases with grant funds of items with a unit acquisition cost of \$500 or more shall be approved by the department prior to purchase.

c. The AAA will pay 25 percent of the acquisition cost for excess property purchased with grant funds; and

d. Rules of the property handbook for employment and training administration project grantees, No. 303, shall be followed in the acquisition, accounting and disposition of property and shall be included as part of the grant provisions.

321—5.15(231) Recapture of funds for facilities.

5.15(1) Recapture from owner. The United States government is entitled to recapture a portion of federal funds and the department is entitled to recapture a part of state funds from the owner of a facility which was used for senior programs or services and has received funds for acquisition or construction of a facility used for senior programs or services. The owner shall notify the department in writing if within 10 years after acquisition or 20 years after completion of construction:

a. The owner of the facility ceases to be a public or nonprofit agency; or

b. The facility is no longer used for senior activities.

5.15(2) Amount of recapture. The amount recovered under subrule 5.15(1) is that proportion of the current value of the facility equal to the proportion of federal or state funds contributed to the original cost. The current value of the facility is determined by an agreement between the owner of the facility and the federal government, or by an action in the federal district court in which the facility is located.

5.15(3) Recapture in leased facility. The department is entitled to recapture a portion of federal and state funds from the owner of a leased facility if the facility is no longer leased for senior activities within a period of time equal to one year for every \$1,000 of nonremovable alterations or renovations.

5.15(4) Recapture share. The amount recovered under subrule 5.15(3) shall be the total federal or state funds contributed to the original cost or both, reduced by \$1,000 for each year the facility was used for senior programs or services.

321—5.16(231) Property management.

5.16(1) Responsibilities of grantees and contractors. All grantees or contractors who use funds received from the department or AAA to purchase property, to include real property, or equipment as within the provisions of the grant or contract, shall make and maintain appropriate records of all such property.

5.16(2) *Transfer upon termination.* Upon the termination of the grant or contract period, the grantee or contractor shall be required to transfer the property back to the department or AAA.

5.16(3) *Standards.* The standards and guidelines utilized by the department to implement this rule shall be in compliance with current U.S. Department of Health and Human Services property management regulations, (Administration of Grants, 45 CFR 74) November 4, 1988, unless a higher standard is elsewhere expressed by these rules. Iowa Aging Program Instruction 93-11, dated December 14, 1992, was issued as supplemental guidance to these regulations.

These rules are intended to implement Iowa Code chapter 231.

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